


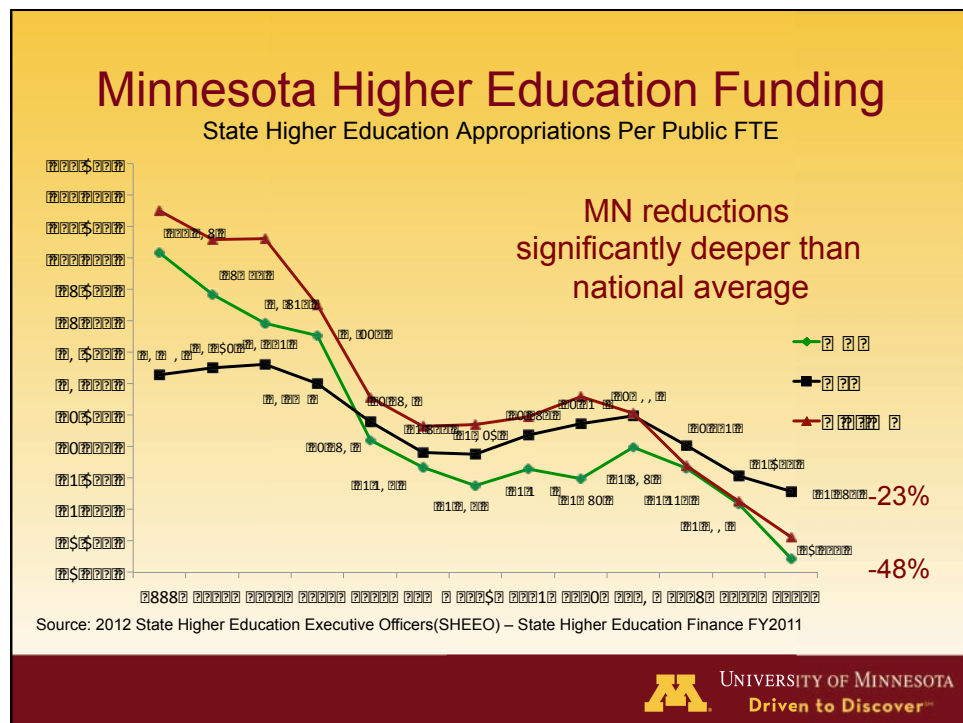
University of Minnesota Biennial Budget Request 2014-2015

President Eric W. Kaler

House Higher Education Finance and Policy Committee
March 11, 2013



UNIVERSITY OF MINNESOTA
Driven to DiscoverSM



Operational Excellence

What?

- Long-term commitment to work smarter, reduce costs, enhance services, and increase revenues throughout the University system
- Use our resources – people, money, time, facilities – to the highest purpose possible

Why?

- To drive our administrative costs to what's most important: teaching, research, and public engagement missions



UNIVERSITY OF MINNESOTA
Driven to Discover™

Legislative request on U management

- January 8, 2013, Senators Bonoff and Bakk request short-term analysis of University's spans and layers
- They also request benchmarking against other peer institutions
- They set March 15 deadline for an interim report, and University will be officially responding Tuesday before Senate Higher Education committee



UNIVERSITY OF MINNESOTA
Driven to Discover™

Spans and levels lessons learned

- We don't have an excessive number of levels
- We could do more to increase the number of direct reports per supervisor across the units assessed
- Our ratio of spans to levels are appropriate, but we could improve them in select areas



UNIVERSITY OF MINNESOTA
Driven to Discover™

Benchmarking and diagnostic study

- Benchmark U administrative practices and costs across the functional areas of finance, human resources, information technology, and procurement.
- Identify, scale, and prioritize opportunities for improvement
- Provide comparative data and leading best practices that may have applicability to the University of Minnesota



UNIVERSITY OF MINNESOTA
Driven to Discover™

1,000 Administrators? NO!

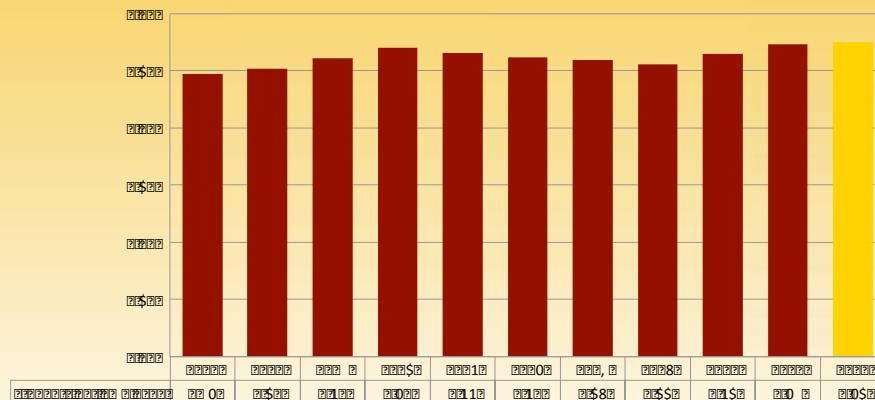
- 354 miscoded faculty (our fault)
- Of the remaining 646 employees, more than half--53%--are NOT supported by state or tuition funds
- The remaining 343 employees—those paid with state and tuition funds—are professionals who provide critical research and student support services.
- Jobs include:
 - Coordinators in the Clinical Trials Research Office
 - Coordinators in the Office of Disability Services
 - Classroom technology professionals
 - Study Abroad advisors
 - Program director for the Human Rights Institute
 - Coordinators for MINITEX (state library system)

7



UNIVERSITY OF MINNESOTA
Driven to Discover™

Students per employee - Up 10.9% FY02-FY11



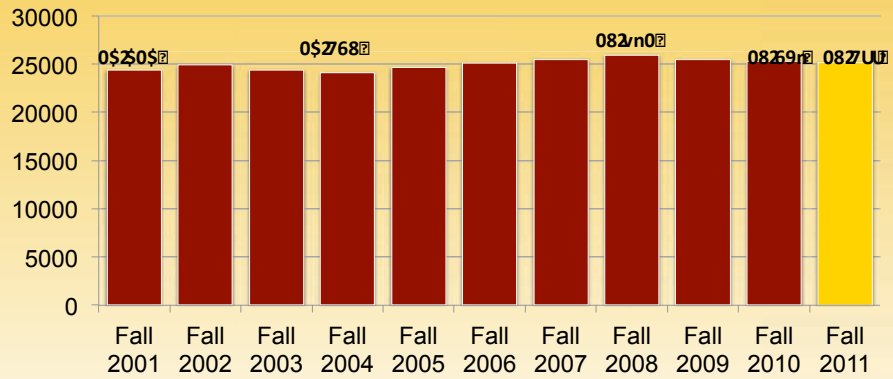
8



UNIVERSITY OF MINNESOTA
Driven to Discover™

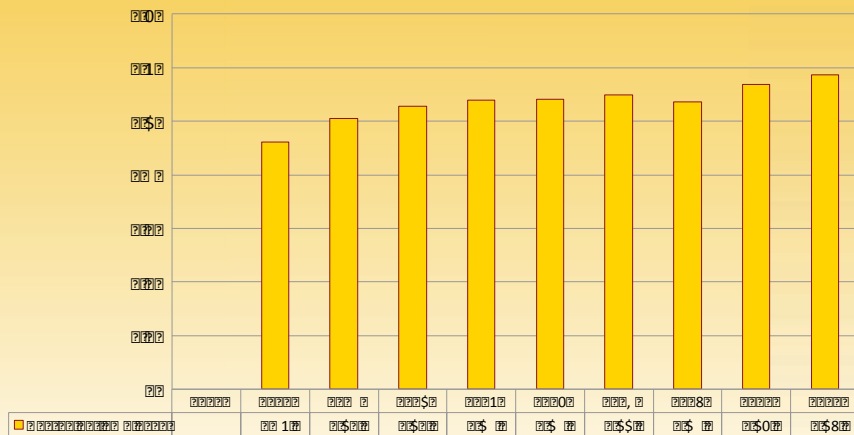
Employee Headcount Relatively Flat

3.6% total headcount growth over 10 years



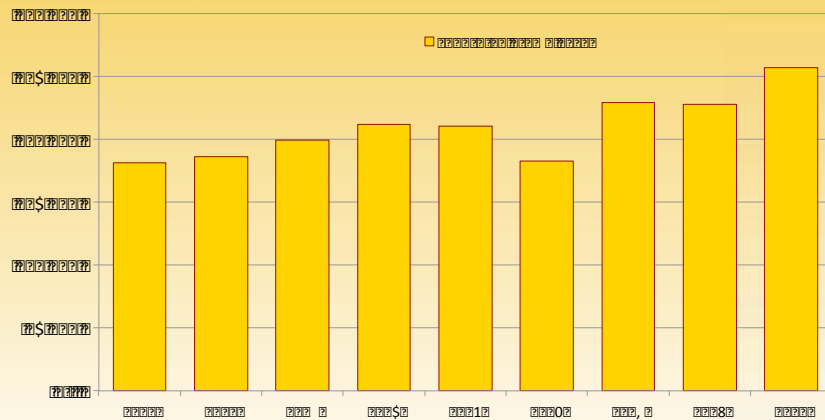
UNIVERSITY OF MINNESOTA
Driven to Discover™

Degrees per employee - Up 28.2% FY02-FY11



UNIVERSITY OF MINNESOTA
Driven to Discover™

Sponsored dollars expended per employee - Up 41.6% FY02-FY10



11



UNIVERSITY OF MINNESOTA
Driven to Discover™

Next steps

- We will complete the two, third-party analyses by this summer 2013
- The findings will be acted upon accordingly
- We will be thoughtful assessing the impact, position by position, of any reorganization.
- We must ensure that the right people are doing the right work in the right way at the right level of the organization.

12



UNIVERSITY OF MINNESOTA
Driven to Discover™

Operational Excellence: Recent examples

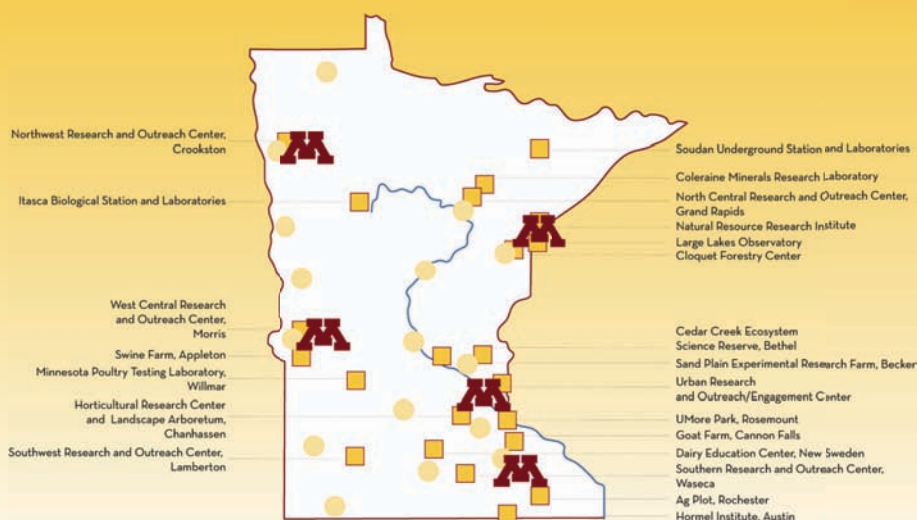
- Modernized purchasing contracts and procedures, saved \$16.8M
- Eliminated offices of Academic Administration and of Bursar, saving \$2.2M per year
- Office of Information Technology shifted infrastructure to wireless, saving \$1.5M
- Reduced energy costs, saving \$5.6M over 3 years
- Currently undergoing “spans and layers” analysis and benchmarking in Finance, Information Technology, Human Resources and Purchasing

13



UNIVERSITY OF MINNESOTA
Driven to Discover™

Statewide Impact



14



UNIVERSITY OF MINNESOTA
Driven to Discover™

Goals: What we'll do

- **Stem the rise in tuition, increase financial aid to enhance accessibility and affordability**
- **Become a more efficient and effective organization, and meet performance and accountability standards**
- **Invest in research that will fuel Minnesota business and leverages U's strengths**
- **Educate the next generation of Minnesota's leaders and professionals, driving high-paying job growth**

15



UNIVERSITY OF MINNESOTA
Driven to Discover™

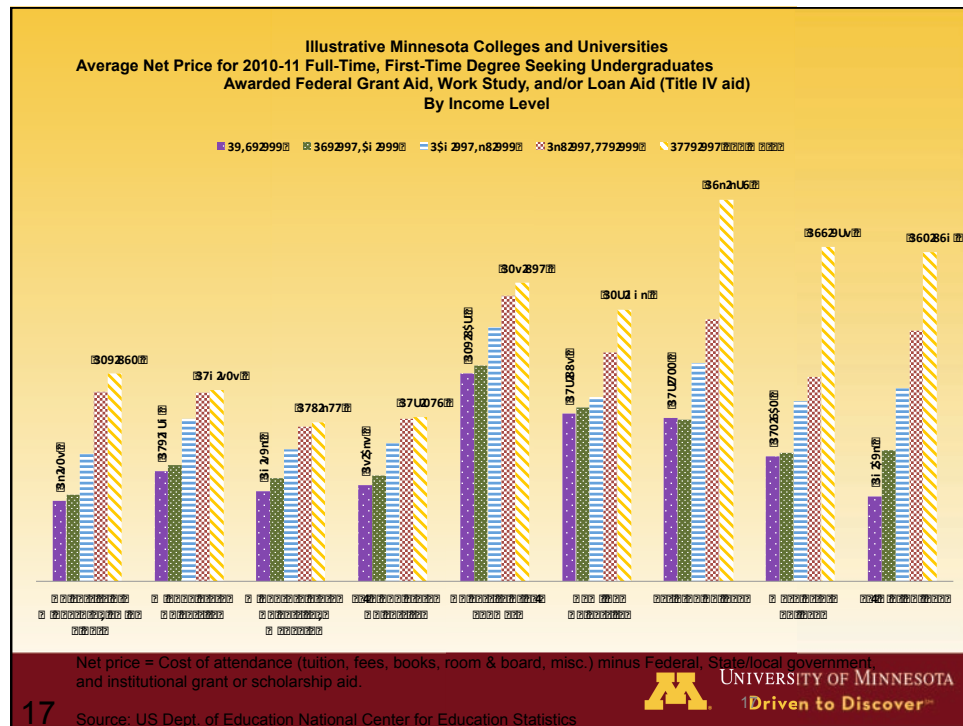
Freeze tuition

- For '14-15, State commits an incremental \$14.2 million each year
- U commits to hold resident undergraduate tuition flat – 0% increase
- Save — on average — students nearly \$2,500 over the course of a four-year enrollment

16



UNIVERSITY OF MINNESOTA
Driven to Discover™



Reduce administrative costs

- Redirect \$28 million (5%) of our state appropriation, consistent with Governor Dayton's request to state agencies



Accountability and performance

Perform, or risk 1% of our appropriation. If the University doesn't meet 3 of 5 performance targets it will lose \$11.5M in funding.

Targets are:

1. Increase U-funded financial aid — FY14 compared to FY12
2. Award at least 15,000 degrees systemwide in 2014
3. Increase undergraduate 4-year and/or 6-year graduation rates on the Twin Cities campus
4. Maintain 2011 level of total National Science Foundation-recorded R&D expenditures
5. Increase invention disclosures

19



UNIVERSITY OF MINNESOTA
Driven to Discover™

MnDRIVE

A new approach to research

20



UNIVERSITY OF MINNESOTA
Driven to Discover™

Advance research and innovation

Establish the Minnesota Discovery, Research and InnoVation Economy (MnDRIVE) funding program to:

- Advance Minnesota's economy
- Leverage Minnesota's strengths and competitive advantages
- Improve Minnesotans' health and quality of life
- Advance the capacity and competitiveness of Minnesota industries
- Position our state as a national leader in key industries

MnDRIVE provides \$18 million annually for scientific research in four critical, emerging fields:



21



UNIVERSITY OF MINNESOTA
Driven to Discover™

Securing the Global Food Supply

Vision

Ensure a safe, sustainable food system and vibrant agricultural sector by creating advances in protecting food against contamination, plant and animal diseases and other threats to the food supply



Outcomes

- Minnesota positioned as the "Silicon Valley" of food
- Ensure Minnesota food companies become the world's first to certify their supply chains
- Improve market access for Minnesota agriculture
- Strengthen consumer confidence in Minnesota food companies
- Reduce food contamination and public health threats
- Improve animal welfare

22



UNIVERSITY OF MINNESOTA
Driven to Discover™



Advancing Discoveries and Treatments for Brain Conditions

Vision

Minnesota is a pioneer in effectively treating brain-related disorders through neuromodulation technology

Outcomes

- Pioneer new technologies and applications for deep brain stimulation, optogenetics, and feedback control
- Strengthen Minnesota's leadership in neuromodulation through partnerships with Minnesota-based companies
- Improve patient care in clinical settings



23



UNIVERSITY OF MINNESOTA
Driven to Discover™



Advancing Industry, Conserving Our Environment

Vision

Use science and technology to solve environmental challenges posed by mining, agriculture, and natural gas exploration and to more efficiently use current and future energy sources

Outcomes

- Advance industries critical to our state's economy
- Create jobs
- Improve water quality
- Enhance livability and revitalize Minnesota communities
- Create a platform for growth in related industry sectors
- Improve energy demand forecasting and productivity of alternative sources



24



UNIVERSITY OF MINNESOTA
Driven to Discover™



Supporting Robotics, Sensors, and Advanced Manufacturing

Vision

Become a national leader in robotics for advanced manufacturing by building on University strength in engineering, materials science, computer science, and robotics



Outcomes

- Minnesota's robotics, sensor automation, and advanced manufacturing industries flourish as the number of master's and Ph.D. graduates in robotics-related fields increase
- More high-paying jobs in Minnesota's robotics-related technology sector
- Increased interaction between the U and Minnesota industry partners
- Growth of a new high-tech industry cluster

25



UNIVERSITY OF MINNESOTA
Driven to Discover™

MnDRIVE outcomes

- 55 new world-class faculty members
- State investment will leverage industry investment and philanthropy
- New industries will flourish
- Existing industries will advance and adapt
- A new cohort of masters and Ph.D.s will be granted, attracting and retaining talent in this state as the competition is global and fierce

26



UNIVERSITY OF MINNESOTA
Driven to Discover™

Serving the underserved across Minnesota

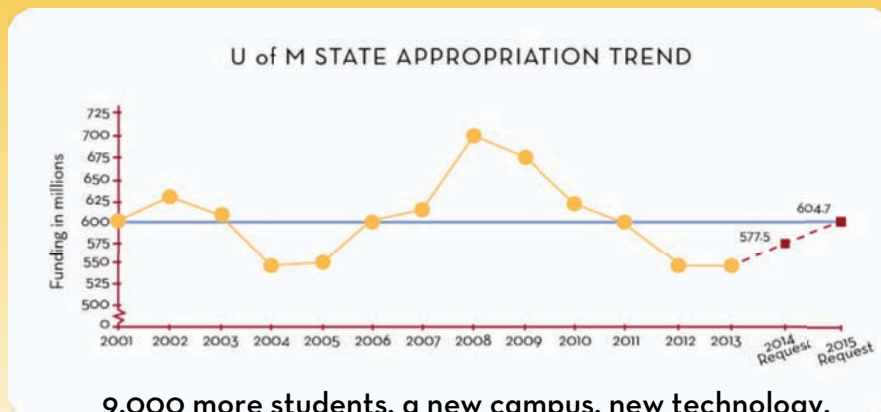
- Forgive part of students' loans if they practice health care in an underserved area of Minnesota
 - \$1.5M annually
- Many communities in Greater Minnesota and in low-income areas of the metro area are in need of health care professionals
 - Dental, Veterinary, Medical, Pharmacy
- Annual amount of loan repayment is 15 percent of a student's outstanding debt.

27



UNIVERSITY OF MINNESOTA
Driven to Discover™

State support in 2001 = U request for 2015



9,000 more students, a new campus, new technology,
increased energy costs, research growth, inflation

28



UNIVERSITY OF MINNESOTA
Driven to Discover™